



MANAGER'S MESSAGE • PAT CARRUTH



General Manager

Ending 2016 in Good Financial and Operational Shape

As of this writing, we have closed the financials through October and continue to be confident that we will end the year in good financial shape. Through October, we have a total margin year-to-date of \$1,145,000 compared to budget of \$529,000. Our 2016 budget calls for a year-end total margin of \$937,000 and we expect to end the year ahead of that.

For the year, energy sales are off about 1.75% of where we were last year at this time. Our total revenue through October is down about \$102,000 compared to last year. On the expense side, total expenses through October are up about \$310,000 compared to last year.

Operationally, we are closing in on finishing all of the maintenance projects planned for the year to keep your system operating properly—except for right-of-way maintenance. We will not get all of the tree trimming done that we were hoping to for the year, but we are on a path to catch up. Our goal is to get through our system on a four-year rotation.

Anyway, we feel like we are in pretty good shape operationally and financially at this point for 2016.

Board Approves 2017 Work Plan and Budget without a Rate Increase

At the November board meeting, the staff presented a work plan and budget for next year to the board for approval. The staff recommended holding rates for 2017 and the board concurred. It is a tight budget for next year, but are hopeful we will make it through in good financial shape. This will be our fifth year without a rate increase.

Peltier Re-elected to Serve District 9 on Basin Electric Board

Our Wayne Peltier will again represent Flathead Electric of Kalispell, MT; Mor-Gran-Sou of Flasher, ND; KEM Electric of Linton, ND; Grand Electric of Bison, SD; Rosebud Electric of Gregory, SD; Crow Wing Power of Brainerd, MN; Wright-Hennepin of Rockford, MN; Minnesota Valley of Jordan, MN and of course, our Minnesota Valley Cooperative Light and Power Association of Montevideo.

Wayne was re-elected at the District 9 Caucus Meeting held in conjunction with the Basin Electric Annual Meeting held in Bismarck, ND on November 8th. Wayne has been a Basin Electric Director since 2008 representing District 9. He has been representing our members from our District 7 since 1999. Wayne is a farmer and co-owner of P&K Fabricating in Cottonwood, MN.

Basin Electric Power Cooperative is owned and operated by 137 electric cooperatives in 9 states with 5,300 MW's of Power Capacity and 2,400 miles of transmission line. They are governed by directors from 11 director districts.

From All of Us

The board and employees would like to express appreciation for your business this past year. Thank you! We want you to know that we appreciate working for you and for your cooperative. We look forward to working hard for you this next year at keeping your system in good working order so we are able to continue to provide the reliable electric service you have rightfully come to expect from your cooperative. Merry Christmas and Happy New Year!

*Merry Christmas
from all of us...*

DIRECTORS

- Darryl Bursack
- Don Fernholz
- Gary Groothuis
- Steve Norman
- Wayne Peltier
- Mark Peterson
- Tim Velde
- Steve Torvik, Attorney

EMPLOYEES

Pat Carruth, General Manager

- Brandon Bjelland
- Stacey Boike
- Loyd Canastey
- Mitch Christensen
- Dave Dieter
- Trevor Diggins
- James Hughes
- Candice Jaenisch
- Andy Johnson
- Mark Johnson
- Bob Kratz
- Scott Kubesh
- Eric Landmark
- Blake Lymburner

- Scott Monson
- Duane O'Malley
- Jerrad Perkins
- Tracie Peterson
- Jill Sand
- Joe Schultz
- Kent Smith
- Don Snell
- Jill Strand
- Mark Sweno
- Bob Walsh
- John Williamson
- Lacey Wintz
- Eric Wollschlager



Office Manager

As many of you are aware, our sales were strong in October which helped narrow the gap in energy sales for the year. We had been running behind in kWh's sold all year. While we are still slightly below our target of 163 million kWh's sold through October, as it stands, we will be close in meeting our total kWh's sold projected for 2016. While our kWh's sold is slightly below projections, our revenue is slightly above projections.



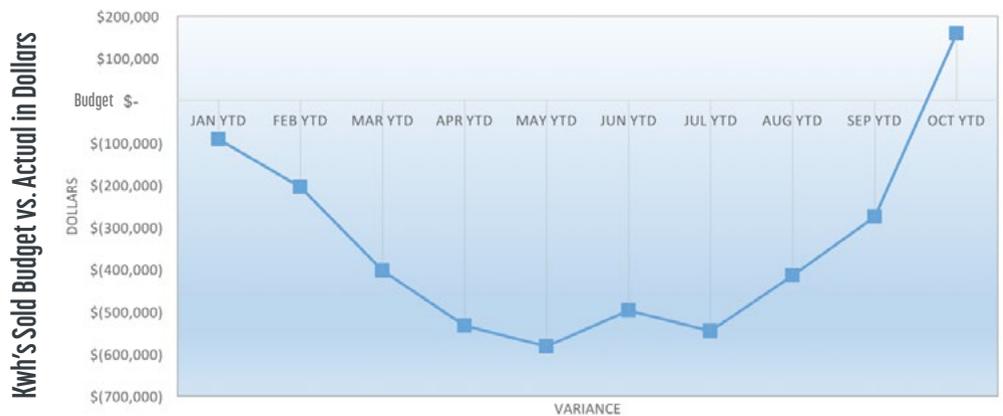
Energy Efficiency Tip of the Month

Electric bills increase during the winter for a variety of reasons – holiday gatherings, houseguests and shorter days and longer nights. Small measures, like turning down your thermostat, replacing incandescent bulbs with LEDs and washing clothes in cold water can help control energy costs.

Find Your Location for a \$10 or \$20 Bill Credit!

There are two hidden account numbers in this newsletter. If one of them is your number, you will receive a \$10 energy credit or \$20 if you are an Operation Round Up participant. Keep looking each month—it could be your number! If you find your number in the newsletter, call the office at 320.269.2163 or 800.247.5051.

Congratulations to Jerome Bruns who identified his location last month and received \$20 off of his energy bill for being an Operation Round Up participant!



Comparative Report

	Jan-Oct 2016	Jan-Oct 2015	Jan-Oct 1996
Kwh Purchased	168,489,037	170,299,203	114,311,476
Kwh Sold	159,673,760	161,460,964	107,387,142
Cost Of Purchased Power	\$8,358,193	\$7,886,110	\$3,651,886
Patronage Capital Margins	\$1,145,016	\$1,561,103	\$(1,965)
Reserve For Taxes	\$229,167	\$251,854	\$285,000
Cost Per Kwh Purchased (mills)	49.61	46.31	31.92

	October '16	October '15	October '96
Total Plant	\$68,812,678	\$66,111,769	\$28,981,652
# Of Members Receiving Service	5,269	5,265	5,165
Avg. Residential Bill	\$293.32	\$279.75	\$131.48
Avg. Residential Kwh Consumption	2,736	2,597	1,761
Avg. Kwh Usage All Consumers	3,800	3,612	2,336
Peak Kw Demand (Peak Load)	42,365	39,487	25,300



ENGINEERING & OPERATIONS • JOHN WILLIAMSON



Manager of Engineering & Operations

We sure lucked out with warm weather which stretched into the middle of November. Work never stops, we are just moving into the next year's work projects until the weather becomes too nasty to bear. Once that happens, we will concentrate our efforts on our annual line patrol to cover the system from possible problems that we hope to avoid.

We had several power interruptions on November 18th with the first snow and strong winds of the season. We scrambled to get things on as soon as we could. Thank you for your patience.

Thank you for your patronage this past year. Have a very Merry Christmas and New Year!



Business Highlight: Karian Peterson Power Line Contracting, LLC

"Specializing in construction and maintenance of distribution and transmission power lines"

Karian Peterson Power Line Contracting, LLC was formed in August of 2000 when a group of electric cooperatives in southwestern, northern, central and western Minnesota organized themselves to diversify in their business activities. Minnesota Valley Light & Power Association is one of the owners of this growing Montevideo-based business.



"We work with Minnesota Valley on a lot of underground and overhead power line construction, as well as transmission work," explains Troy Blankenhagen, General Manager at Karian Peterson. "As an owner, we make sure to put Minnesota Valley's needs as a top priority whenever they need help. N three twenty four zero three A It's especially convenient for the cooperative to have a contractor they can call that is located right in Montevideo."

Karian Peterson helps ensure the reliability of Minnesota Valley's system by providing general services such as new construction (transmission, distribution and substations), storm restoration, underground/distribution and line truck

fabrication. As the electric industry is experiencing dramatic changes, Karian Peterson continues to expand its facilities on land west of Montevideo and implements growth strategies to best serve customers now and in the future.

Today Karian Peterson has grown to employ 37 people.

The business is dedicated to safety in all aspects of the job, adhering to strict industry standards for both employees and the equipment used. This commitment to proper training and certification has earned Karian Peterson a fantastic safety record and helps ensure project efficiency. Karian Peterson contractors have traveled extensively throughout the upper Midwest constructing new lines and substations for municipal utilities, electric cooperatives and investor-owned utilities.

Owners of Karian Peterson include Minnesota Valley Light & Power Association in Montevideo, Federated Rural Electric Association in Jackson, Minnesota Valley Electric Cooperative in Jordan, P.K.M. Electric Cooperative in Warren, South Central Electric Association in St. James, Stearns Electric Association in Melrose and Wild Rice Electric Cooperative in Mahanomen.

Minnesota Valley Cooperative will be closed Friday, December 23rd and Monday the 26th for Christmas and January 2nd for New Years.



Caucus Meetings

District 5: Thursday, February 9th at 1:30 p.m. at Clarkfield City Hall – Darryl Bursack

District 7: Thursday, February 9th at 10:30 a.m. at Cottonwood Community Center – Wayne Peltier

Save the Date!

The Minnesota Valley REC Annual Meeting will be Saturday, March 25th, 2017 at the Lakeview School in Cottonwood.



MEMBER SERVICES • BOB WALSH



Member Services Manager

Caring for Your Home's Electrical System as It Ages

To help prevent injury and illness there are things we know we have to do to care for ourselves—especially as we get older. Our homes also have to be maintained to stay in good shape and an important part of that maintenance includes a home's electrical system.

The National Association of State Fire Marshals reports that older homes are more than three times more likely to have an electrical fire than newer homes. An electrical system's insulation can eventually wear out from a variety of factors including age, animal gnawing and overloaded circuits.

According to the U.S. Department of Energy, with increasing energy consumption the electrical demands on older homes can have an impact on the household wiring. The National Electric Code's minimum standard for residential electric service is 100 amps.

Be aware of the signs of electrical wiring problems, which include dim or flickering lights as well as a burning smell, smoke, shocks or discoloration when using an electrical outlet or switch. Also look out for frayed wires, breakers that trip or blow and signs of potential rodent damage that may affect insulation. G four fifteen zero four A If you suspect a problem, shut the outlet or switch off at the circuit breaker and contact an electrician to make repairs.

To check on the status of your home's electrical system, contact a qualified electrician to perform an electrical inspection of your home. The U.S. Consumer Product and Safety Commission (CPSC) suggests the following timeframes for inspections:

- If the last electrical inspection of your home was 40 or more years ago—an inspection is overdue.
- If the last inspection was 10 to 40 years ago—an inspection is recommended, especially if your electrical demands have increased significantly or you have noticed any of the warning signs of an electrical problem.
- If the last inspection was less than 10 years ago—an inspection should not be needed unless you have noticed any of the warning signs of an electrical problem or any temporary wiring has been added.



The CPSC further suggests that if you are not sure when the last time your home had an electrical inspection, you might be able to find a label or tag with that information on your electrical panel door or cover. If there is no label or tag, then use the age of the house as a guide to the probable need for an inspection.

Minnesota Valley offers low interest loans for both labor and material involved in the upgrading of wiring that is in poor condition. Call Minnesota Valley's Member Services Department for a credit application or more details on loans.

Apply Now for the 2017 Minnesota Valley/Basin Electric Scholarship

Minnesota Valley R.E.C. has again joined Basin Electric Power Cooperative in sponsoring a scholarship in 2017. A total of \$2,000 in educational scholarships will be awarded to area students. All dependent children of Minnesota Valley Cooperative members meeting the qualifications are eligible to apply. The scholarship program is designed to recognize and encourage the achievements, abilities and school/community involvement of students in Minnesota Valley's service territory. The cooperatives have developed the scholarships to help meet the college funding needs of students in rural areas.

To qualify for the scholarship, an applicant must be the dependent child of a Minnesota Valley member and a U.S. citizen. Applicants must be students enrolled or planning to enroll in a full-time undergraduate or graduate course of study at an accredited, two-year or four-year college, university or technical college in the 2017-2018 school year. Students in any year of post high school education are eligible. Previous scholarship winners are not eligible.

Recipients will be chosen based on a combination of overall grades, achievements, participation in school and community activities, a personal statement of career goals, applicant appraisal form and an essay. A neutral group of Minnesota Valley members will review all applications and make a selection on a recipient(s). All post high school areas of study will be equally considered for the scholarship.

To get an application, you can either stop in the office, call 320.269.2163 or 800.247.5051, get an application off our website or email a request to mnvalley@mnvalleyrec.com.

Scholarship applications for the 2017-2018 school year will be accepted until February 6th, 2017.

Office Hours

8:00 a.m. - 4:30 p.m.
Monday through Friday

24-Hour Telephone Answering

320.269.2163
800.247.5051

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Website

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Address

501 South 1st Street
P.O. Box 248
Montevideo, MN 56265

